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BACKGROUND--SUEZ DEVELOPMENTS

Canal Operations. Egyptian authorities are straining all their resources to keep canal operations at about their pre-nationalization level. So far, they have been successful.

Since 14 September, when most non-Egyptian employees quit, an average of 35 ships per day have moved through the canal. This compares with an average of 45 per day before nationalization and an average of 40 per day thereafter.

The resignations on 14 September left the Egyptian canal authority with about 35 experienced pilots--some 30 Egyptians and 4 or 5 Greeks. In addition, there are now some 200 inexperienced Egyptian pilots on the rolls.

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Operations have not shaken down to any fixed pattern. The Egyptians originally contemplated running only one convoy per day--southbound one day, northbound the next. However, as many as three convoys have been passing through the canal in a single day.

1. Between 20 and 25 new foreign pilots have now arrived in Egypt. The largest single group consists of 15 Soviet pilots (30 are known to have been offered by Moscow. There are also 4 new Yugoslavs and two new Dutch pilots. Some Poles and a few West Europeans are believed to be on the way.
2. Thus, the canal should have some 90 pilots ready for duty.

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in the next few weeks. This is still far short of the 204 prior to nationalization.

8 Countries are attending the current London "USER'S" Conference, as follows: US, UK & France (sponsors), plus--

Australia
Denmark
Ethiopia
Iran
Italy

Japan
Netherlands
New Zealand
Norway
Pakistan

Portugal
Spain
Sweden
Turkey
West Germany

11. The following 10 countries are believed to have accepted ^{EGYPT'S} ~~in-~~ itations to a general conference (no date set).


Afghanistan
Czechoslovakia
East Germany
Hungary
India

Pakistan (the only nation thus
Poland (far planning to attend
Rumania (both conferences.)
Syria
USSR

A. No official list of ~~invitees~~ ~~invitees~~ has been made public by the Egyptians. Although ~~Egyptian~~ press reports assert that twenty countries have accepted, the Egyptian foreign ministry states this number is exaggerated.

IV. Egyptian Military Preparations. Additional Egyptian ground forces have been withdrawn from the Sinai area, opposite Israel, and re-deployed in the Canal Zone and the Nile delta area. The withdrawals are believed to have included most of Egypt's armor.

/See Annex A for details/



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Ground Forces. French press reports indicate an eventual ground force build-up on Cyprus to between 7,000 and 10,000. Unconfirmed reports put the number now present on Cyprus at approximately 7,500. This includes a contingent of 4,000, which left Marseilles on 11 September aboard the liner Pasteur. There are other reports, however, that the Pasteur is actually unloading in North Africa. If these reports are correct, the actual French concentration on Cyprus to date is no more than 4,300 and probably less.

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1. Of these, about 1,300 may have been shipped from France. The remainder--primarily advance echelons of the 7th Rapid Mechanized Division (estimated strength 8,500) and the 10th "Airborne" Division (estimated strength 5,000 and correct unit designation as yet unconfirmed)--have come from North Africa.
2. General Gilles, former commander of the 25th Airborne Division reportedly arrived on 16 September to take command of French forces on Cyprus.

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B. Naval Forces. The French Mediterranean fleet is still at Toulon, although the press reported the cruiser Georges Leygues at Malta on 5 September. The Toulon-based fleet now comprises 3 light aircraft carriers, 1 battleship, 4 cruisers (including the Georges Leygues and the ultra-modern anti-aircraft cruiser De Grasse which was transferred from Brest), 6 destroyers, 12 submarines and numerous escort, patrol and mine craft.

C. Air Forces. Some 1,300 air force ground personnel for five fighter squadrons are reported on Cyprus. [REDACTED]

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